

R. Michael Turnnspeed, Director

ALLEN BIAGGI, Administrator

(775) 687-4670
TDD 687-4678

Administration
Water Pollution Control
Facsimile 687-5856
Mining Regulations & Reclamation
Facsimile 684-5259

State of Nevada
KENNY C. GUINN
Governor



Waste Management
Corrective Actions
Federal Facilities

Air Quality
Water Quality Planning

Facsimile 687-6396

DEPARTMENT OF CONSERVATION AND NATURAL RESOURCES
DIVISION OF ENVIRONMENTAL PROTECTION

333 W. Nye Lane, Room 138

Carson City, Nevada 89706

October 23, 2002

Susan G. Boswell
Quarles & Brady Streich Lang
One South Church Ave., Suite 1700
Tucson, AZ 85701-1621

Arimetco, Inc.
c/o Western States Engineering
2700 E. Executive Drive, Suite 100
Tucson, AZ 85706

**FAX/BOSWELL
CERTIFIED MAIL
RETURN RECEIPT**

Re.: September 23, 2002 Finding of Violation and Order Issued to Arimetco, Inc., 2700 E. Executive Drive, Suite 100, Tucson, AZ for the Removal of Drummed/Containerized Materials Located at the Arimetco Mine Property in Yerington, NV.

To Arimetco and Its Counsel of Record, Susan Boswell:

The Nevada Division of Environmental Protection (NDEP) issued a Finding of Alleged Violation and Order to Arimetco, Inc. on September 23, 2002. The Order required receipt of Arimetco's Intent to Comply, followed by a work plan and schedule for the removal of drummed materials and a work plan and schedule for removal of electrowinning fluids. The parties agreed that the due date for both work plans was to be close of business on October 9, 2002.

Arimetco has not submitted the required work plans and therefore has failed to comply with this Order. In addition, Arimetco has not appealed this Order; therefore, it is final.

The NDEP is hereby notifying Arimetco, Inc. that the Division will be moving forward with removal of the materials covered by the Finding and Order.

This documentation is being sent to you since, to our knowledge, Arimetco no longer has a staff or corporate officers. Questions on this matter may be addressed to the undersigned at (775) 687-9373.

Sincerely,

A handwritten signature in blue ink, appearing to read "Jennifer L. Carr".

Jennifer L. Carr, P.E., C.E.M.
Remediation Branch Supervisor
Bureau of Corrective Actions

JLC:jc

Cc: Allen Biaggi, NDEP
Doug Zimmerman, NDEP
David Copperthwaite, SEC
Sean Hogan, U.S. EPA Region IX, 75 Hawthorne Street, San Francisco, CA 94105
Chuck Pope, US BLM Carson City Field Office, 5665 Morgan Mill Road, Carson City, NV 89701
Phyllis Hunewill, Lyon County Commission, 31 South Main St, Yerington, NV 89447

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September 23, 2002

Susan G. Boswell
Quarles & Brady Streich Lang
One South Church Ave., Suite 1700
Tucson, Arizona 85701-1621

**FAX TRANSMITTAL
CERTIFIED MAIL
RETURN RECEIPT**

Re: Order issued to Arimetco Inc., 2700 E. Executive Drive, Suite 100, Tucson, AZ for the Removal of Drummed/Containerized Materials Located at the Arimetco Mine Site in Yerington, Nevada.

Dear Ms. Boswell:

The enclosed Finding of Alleged Violation and Order are issued under the authority of the Administrator of the Nevada Division of Environmental Protection (NDEP) pursuant to Nevada Revised Statutes (NRS) 445A.445. These documents are being sent to you since, to our knowledge, Arimetco no longer has a staff or corporate officers.

The NDEP has determined that the drummed and containerized materials identified herein at the Arimetco Mine Site property in Yerington, Nevada represent a real threat to the environment. Attached are a Finding of Violation and Order requiring the removal of these materials from the property.

If Arimetco wishes to appeal the Finding of Alleged Violation and Order, a representative of Arimetco, must file Form #3 (enclosed) with the State Environmental Commission within 10 days upon receipt of this Order. Your request for an appeal hearing should be sent to:

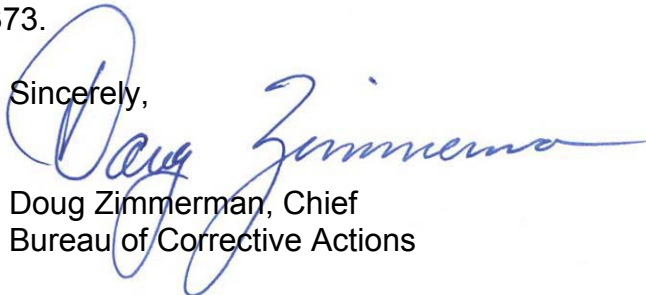
State Environmental Commission
Capitol Complex
333 W. Nye Lane
Carson City, NV 89706-0851

IN THE MATTER OF)
Arimetco Mine Property)
Yerington, Nevada)
September 23, 2002)

As identified in the attached Order, the NDEP hereby requires notice of your intent to comply within 48 hours of the receipt of this order. Failure to comply with this order will result in NDEP removing those materials and NDEP seeking reimbursement for these costs.

Questions on this matter may be addressed to the undersigned at (775) 687-9366 or Ms. Jennifer Carr at (775) 687-9373.

Sincerely,



Doug Zimmerman, Chief
Bureau of Corrective Actions

DZ:JC:jlc

cc: Allen Biaggi, NDEP
David Copperthwaite, SEC
Sean Hogan, U.S. EPA Region IX, 75 Hawthorne Street, San Francisco, CA 94105
Chuck Pope, US BLM Carson City Field Office, 5665 Morgan Mill Road, Carson City, NV 89701
David Fulstone, Chairman, Lyon County Commission, 31 South Main St, Yerington, NV 89447
Phyllis Hunewill, Commissioner, Lyon County Commission, 31 South Main St, Yerington, NV 89447

IN THE MATTER OF)
Arimetco Mine Property)
Yerington, Nevada)
September 23, 2002)

FINDING OF ALLEGED VIOLATION

I. This Finding is made on the basis of the following facts, to wit:

A. The State of Nevada Department of Conservation and Natural Resources, Division of Environmental Protection, under the authority of Nevada Revised Statutes (NRS) 445A.445 subsection 1 has the power and duty to administer and enforce the provisions of NRS 445A.300 to 445A.730 inclusive, and all rules, regulations and standards promulgated by the State Environmental Commission, and all Orders and permits promulgated by the Department. Hereinafter the Nevada Water Law.

B. Nevada Water Law Findings:

NRS 445A.465 "Unlawful discharge of a pollutant without a permit."
Except as authorized by a permit issued by the Department under the provisions of NRS 445A.300 to 445A.730 inclusive and regulations promulgated under such sections by the Commission, it is unlawful for any person to:

1. Discharge from any point source any pollutant into any waters of the state or any treatment works; or ...

3. Discharge from a point source a pollutant or inject fluids through a well that could be carried into the waters of the state by any means; or

4. Allow a pollutant discharged from a point source or fluids injected through a well to remain in a place where the pollutant or fluids could be carried into the waters of the state by any means.

C. There are hundreds of drums in poor and leaking conditions containing wastes resulting in threats and releases to the environment at numerous locations at the Arimetco facility.

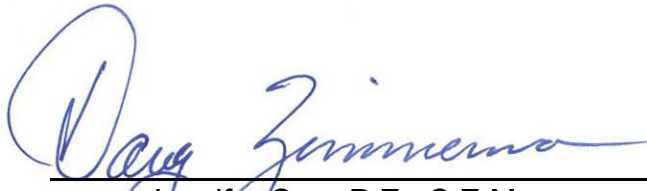
D. There are thousands of gallons of organic reagents and electrolyte (electrowinning fluids) that are contained in tanks associated with the electrowinning building. Arimetco has failed to provide security, monitoring and maintenance to prevent leakage of the electrowinning fluids contained in tanks. These tanks are not being used for their intended purpose and are not being properly operated and maintained as required by Arimetco's permit.

II. On the basis of the facts listed above, the Administrator of the Division of Environmental Protection finds that Arimetco is in violation of NRS 445A.300 thru 445A.730, inclusive, for the unauthorized discharge of pollutants from a point source into a

IN THE MATTER OF)
Arimetco Mine Property)
Yerington, Nevada)
September 23, 2002)

place where the pollutant could be carried into the waters of the
state.

9/23/2002
Dated



FOR
Jennifer Carr, P.E., C.E.M.
Remediation Branch Supervisor
Bureau of Corrective Actions

IN THE MATTER OF)
Arimetco Mine Property)
Yerington, Nevada)
September 23, 2002)

ORDER

This Order is issued under the authority vested in the Director of the Department of Conservation and Natural Resources by Nevada Revised Statutes (NRS) Chapter 445A.445 and 445A.450, which has been delegated to the Division of Environmental Protection; and is issued in accordance with the provisions of NRS 445A.660, NRS 445A.675 and NRS 445A.690. This order is grounded in Nevada's police power and therefore consistent with 11 USC Section 362 (b) (4).

On the basis of the attached Finding of Violation, which is a part of this Order, the Administrator of the Division of Environmental Protection has determined that Arimetco is in violation of NRS 445A.465 as outlined in the Finding of Violation.

IT IS HEREBY ORDERED:

That Arimetco shall complete the following acts by the dates specified:

1. **Within 48 hours of the receipt of this order**, provide the Division with Arimetco's Intent to Comply with this order.
2. **Within 10 working days of the receipt of this order**, provide the Division with a work plan and schedule acceptable to the Division for the removal of all drummed materials.
3. **Within 10 working days of the receipt of this order**, provide the Division with a work plan and schedule acceptable to the Division for the removal of the electrowinning fluids. The work plan shall incorporate the comments provided to Mr. Roy Shipes in a NDEP letter dated August 21, 2002 (copy attached).
4. Submissions shall be mailed to:
Attn: Jennifer L. Carr
Nevada Division of Environmental Protection
333 West Nye Lane
Carson City, Nevada 89706-0851

9/23/02
Dated



Doug Zimmerman, Chief
Bureau of Corrective Actions